

Robert E. Cawthorn
Chairman of the Board



“We will go wherever innovation leads us.”

Letter from the Chairman of the Board

Maximizing opportunities today and tomorrow

It takes courage to be a pioneer, to pursue new scientific ideas, to evolve new ways of doing business. For those who have the conviction to choose their own path, the rewards can be exceptional. And while true innovation brings with it certain risks, these can be minimized by first-rate execution.

The results for Actelion in 2004 illustrate these points clearly. Our sales and EBIT figures exceeded our expectations. With Tracleer[®], our breakthrough oral therapy for pulmonary arterial hypertension (PAH), we have created a new market with blockbuster potential. Our second oral therapy, Zavesca[®], is growing rapidly and has considerable potential beyond its approved indication. Both of these products underscore our belief that innovation, by definition, means addressing unmet medical needs and can lead to success in the marketplace.

While our clinical trial for tezosentan in acute heart failure was a disappointment, our futility analysis allowed us to recognize this early on and shift resources into other near-term opportunities that have realistic potential to double our current sales. Only seven years after our founding, we are a solidly profitable company with a global organization well positioned for growth now and in the future.

Blending biotech and pharma

From the beginning, we envisioned Actelion as a unique type of company. We aimed to combine the innovative power, speed and flexibility of a biotech company with expertise in the pharmaceutical disciplines of clinical development, regulatory affairs and marketing. There were people who said it was impossible – that a small company could not create a sales and marketing organization in every major market, or conduct clinical trials on the same scale and level of quality as “Big Pharma.” Our ability to bring Tracleer[®] to global markets with a lean and professional sales force, as well as our success in recruiting large numbers of patients for clinical trials such as BUILD and RAPIDS demonstrate our dynamism and “can-do” spirit.

Product-driven business model

The Board of Directors gives Actelion the direction it needs to continue to evolve. Building on the success of Tracleer[®] and Zavesca[®] as orphan drugs, we are setting our sights on expanding into new areas with greater potential. Our product-driven business model encompasses the larger market of hospital drugs and the even broader market of drugs prescribed by general practitioners. We will maintain an open mind about how to exploit the potential of what our drug discovery pipeline delivers in any therapeutic area. We will go wherever innovation leads us.

At the same time, we will carefully weigh the risks and benefits at each stage of development. As projects advance through the pipeline, we will evaluate whether the maximum value for our shareholders can be generated by developing and marketing compounds ourselves or by partnering with larger companies, as exemplified by our ongoing alliance with Merck in renin inhibitors.

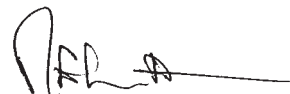
Attracting talented and motivated people

Actelion’s culture and the location of its headquarters near Basel, an international pharmaceutical hub, are some of its most important assets. We continue to attract some of the best and brightest minds in the industry, as 200 new employees joined the company in 2004, bringing the total to 850. Many of those who come to Actelion say it is because they seek an atmosphere in which the contribution of each individual counts and the results of their work have an impact on improving people’s lives.

The entrepreneurial spirit has always been part of the culture of Actelion. In order to further develop this trait, the Board decided in April 2004 to issue stock options to every employee as part of the Challenge Plan. These options will vest contingent upon the company reaching CHF 1 billion in revenues and a share price of CHF 286 not later than at the end of 2009.

The Board of Directors was strengthened in 2004 by the expertise and experience of two new members: Armin M. Kessler, former Chief Operating Officer of F. Hoffmann-La Roche in Basel and previously Head of the Pharmaceutical and Diagnostic divisions, and Jean Malo, Chief Investment Officer of Breco Management, who has a long and distinguished career as an investment advisor and financial analyst. At the same time, we bid farewell to two distinguished Board members, Rudolf Maag and Fred Meyer. Rudolf Maag, a top executive formerly with Synthes and chairman of the Straumann Holding (AG), and Fred Meyer, President of Cove Capital Corporation, former Chief Financial Officer of the Omnicom Group and CBS, and former CEO of Sandoz US. They have provided invaluable services and counsel to our young company while on the Board, for which we thank them.

As we enter 2005, I can speak on behalf of the whole Board of Directors when I say that we look to the future with confidence in the abilities of the people of Actelion and the continued success of our company.



Robert E. Cawthorn
Chairman of the Board